Test Bank for Strategic Corporate Social Responsibility Sustainable Value Creation 4th Chandler

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Chapter 2: The Driving Forces of CSR

Test Bank

Multiple Choice

1. According to the text, corporate social responsibility issues tend to gain a foothold in societies that are more _____.
a. impoverished
b. affluent
c. unstable
d. democratized
Ans: B
Cognitive Domain: Knowledge
Answer Location: *Affluence*
Difficulty Level: Easy

2. Which of the following is NOT an example of a company's sustainability efforts?
a. Implementing recycling programs in its offices
b. Encouraging employees to carpool to work
c. Ensuring products come from fair labor areas
d. Installing timers lights to save electricity
Ans: C
Cognitive Domain: Application
Answer Location: *Sustainability*
Difficulty Level: Medium

3. Which of the following is an example of Adam Smith's view of the business world?
a. A small local store treats its workers well to preserve the goodwill of the community.
b. A US-based manufacturing company opens a plant in a developing country to save labor costs.
c. A multinational corporation ignores its environmental issues in Asia because its consumers are in Europe.
d. A business fails to pay its workers adequately because, despite complaints from the workers, lower pay is more profitable.
Ans: A
Cognitive Domain: Comprehension
Answer Location: *Globalization*
Difficulty Level: Medium

4. What are the three phases of stakeholder access to information?
a. Industrialization, international trade, globalization
b. Industrialization, domestic production, international trade
c. International trade, use of internet technology, globalization
d. Growth, globalization, job creation
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Globalization*
Difficulty Level: Easy

5. What is the CNN test?
a. Will this be better for CNN or a print newspaper?
b. Should the corporation tell CNN about this or ignore it?
c. Will CNN find this newsworthy?
d. How will this be viewed by watchers of CNN when broadcast around the world?

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Ans: D
Cognitive Domain: Knowledge
Answer Location: *Communications*
Difficulty Level: Medium

6. What are the five driving forces of corporate social responsibility?
a. Brands, communication, affluence, domestic credibility, profitablity
b. Sustainability, globalization, consumer engagement, profitability, brands
c. Affluence, sustainability, globalization, communication, brands
d. Stakeholder engagement, profitablitiy, communication, sustainability, brands
Ans: C
Cognitive Domain: Knowledge
Answer Location: *The Driving Forces of CSR*
Difficulty Level: Easy

7. According to the textbook, why is corporate social responsibility increasingly crucial to business success?
a. CSR is not crucial to business success; it is just a recommendation for companies.
b. CSR initiatives ensure consumers spend more money at the business.
c. Businesses cannot be profitable without CSR initiatives.
d. It provides a mission and strategy around which a firm's multiple stakeholders can rally.
Ans: D
Cognitive Domain: Comprehension
Answer Location: *The Driving Forces of CSR*
Difficulty Level: Medium

8. According to the textbook, why do corporate social responsibility initiatives tend to gain more traction in affluent societies?
a. Consumers in developing countries do not care about CSR issues.
b. Consumers in developed societies expect more from the companies whose products they buy.
c. Corporations in affluent societies can spend more money on CSR initiatives.
d. Businesses in developing countries do not have competition and, thus, do not need to have CSR initiatives.
Ans: B
Cognitive Domain: Comprehension
Answer Location: *Affluence*
Difficulty Level: Medium

9. How might stakeholders living in affluent societies impose their values on firms' overseas operations?
a. The US government passes a Transparency in Supply Chains Act to ensure firms are using fair labor practices throughout the world.
b. A group of consumers protest the environmental affects of an oil company's operations in South America.
c. US-based employees of a coffee company strike because of poor labor conditions in the company's overseas coffee fields.
d. All of the above
Ans: D
Cognitive Domain: Application
Answer Location: *Affluence*
Difficulty Level: Medium

10. How does affluence lead to more rapidly shifting public attention on issues of concern?
a. It leads to a more engaged civil society.
b. It leads to consumers having more money to spend.
c. It leads to society having more access to social media.
d. Affluence does not lead to more rapidly shifting public attention on issues of concern.

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Ans: A
Cognitive Domain: Knowledge
Answer Location: *Affluence*
Difficulty Level: Medium

11. Sustainablity efforts of a firm deal with _____.
a. labor issues
b. environmental issues
c. long-term profitablity
d. legal compliance
Ans: B
Cognitive Domain: Knowledge
Answer Location: *Sustainability*
Difficulty Level: Easy

12. How does our economic model encourage waste?
a. Our economic model does not encourage waste.
b. It encourages constant consumption, such as buying a car every 3 years instead of every 10 years.
c. Consumers are encouraged to purchase more reusable products than they need.
d. Many corporations accumulate a lot of garbage as a result of their work, and many do not recycle.
Ans: B
Cognitive Domain: Comprehension
Answer Location: *Sustainability*
Difficulty Level: Medium

13. Which of the following does the textbook NOT provide as an example of a corporation's sustainability efforts?
a. Sea World's program to nurse sick animals back to health
b. General Electric's *Ecoimagination* program
c. Unilever's firm-wide sustainable living program
d. Toyota's hybrid car
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Sustainability*
Difficulty Level: Medium

14. How does *strategic CSR* seek evolution of the current economic model?
a. It seeks to reform the current system so that value is created broadly by integrating a CSR perspective into firm strategy and throughout operations.
b. It seeks to create a new economic system that does not have the flaws of the current model.
c. It seeks a piecemeal fix of the current economic model by addressing small issues over a longer period of time.
d. It seeks to develop the current system through government regulation of firm practices.
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Sustainability*
Difficulty Level: Medium

15. According to the textbook, which driving force of corporate social responsibility is most important?
a. Affluence, because without money and care about social issues, CSR initiatives are moot
b. Communication, because companies must successfully communicate with their stakeholders to remain profitable
c. Sustainability, because addressing environmental issues is critical to the continuing success of businesses
d. The forces are all equally important and work together.
Ans: D

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Cognitive Domain: Comprehension
Answer Location: *Driving Forces of CSR*
Difficulty Level: Easy

16. What is the significance of the BRIC and CIVETS economies?
a. These economies will have the most opportunity for profitability in 5 years.
b. These economies have the most lax regulations and, therefore, are the easiest markets for firms to enter.
c. These economies will allow more and more consumers to join the middle class.
d. These economies are not significant for firms.
Ans: C
Cognitive Domain: Comprehension
Answer Location: *Globalization*
Difficulty Level: Medium

17. According to the textbook, how does globalization affect the flow of information?
a. Because of globalization, information is communicated more effectively.
b. Globalization allows companies to operate in many countries.
c. Globalization provides more people access to newspapers.
d. Globalization does not affect the flow of information.
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Globalization*
Difficulty Level: Easy

18. According to the textbook, what is the relationship between globalization and communication?
a. Globalization demonstrates that the pace at which social innovations spread is increased by communication technologies.
b. Communication allows businesses to establish offices in many different parts of the world, thus increasing globalization.
c. Globalization creates more communication mechanisms.
d. There is very little relationship between globalization and communication.
Ans: A
Cognitive Domain: Comprehension
Answer Location: *Communications*
Difficulty Level: Easy

19. Which of the following is NOT considered one of the BRIC economies?
a. Belgium
b. Russia
c. India
d. China
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Globalization*
Difficulty Level: Easy

20. The best way for a company to protect its brand is to
a. hire the best public relations firm it can afford.
b. integrate a CSR perspective throughout operations.
c. limit its advertising budget.
d. There is really no way a company can protect its brand.
Ans: B
Cognitive Domain: Comprehension

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Answer Location: *Brands*
Difficulty Level: Easy

21. A company's brand is
a. less important now due to globalization.
b. very easy to develop, but very difficult to damage.
c. more important today than it was in the past.
d. equally important now as it was in the past.
Ans: C
Cognitive Domain: Comprehension
Answer Location: *Brands*
Difficulty Level: Medium

22. Lifestyle brands are brands that
a. base more of their appeal to consumers on aspirational values.
b. base more of their appeal to consumers on physical properties of the product.
c. base more of their appeal to consumers based on geographic location.
d. primarily target young consumers (age 18 to 35).
Ans: A
Cognitive Domain: Knowledge
Answer Location: *Brands*
Difficulty Level: Medium

23. CSR serves as "brand insurance" by
a. enabling the firm to develop credibility among stakeholders.
b. creating a great public relations campaign to extol the firm's CSR efforts.
c. enabling the firm to grow internationally.
d. expanding current products and services to reach the poor.
Ans: A
Cognitive Domain: Application
Answer Location: *Brands*
Difficulty Level: Medium

24. Social media is allowing consumers to
a. completely understand the CSR of companies.
b. interact with firms in real time in ways that shape their purchase decisions.
c. select the most environmentally friendly products.
d. try more products virtually before purchasing.
Ans: B
Cognitive Domain: Comprehension
Answer Location: *Communications—Social Media*
Difficulty Level: Medium

25. According to the text, brands are
a. a focal point of corporate success.
b. less important today than in the past.
c. not as important in BRIC countries.
d. becoming less important due to globalization.
Ans: A
Cognitive Domain: Comprehension
Answer Location: *Brands*
Difficulty Level: Easy

26. The Twitter Revolution played an important part in which of the following?
a. Tiananmen Square protests in China
b. Tunisia's Jasmine Revolution

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c. Bus boycotts in the American South
d. Russian Revolution
Ans: B
Cognitive Domain: Knowledge
Answer Location: *Communications—Social Media*
Difficulty Level: Easy

27. New communication technologies have
a. enhanced the power of media conglomerates.
b. increased consumer buying power.
c. decreased the power of media conglomerates.
d. enhanced the ability to hide unfair business practices.
Ans: A
Cognitive Domain: Comprehension
Answer Location: *Communications*
Difficulty Level: Medium

28. IKEA faced negative publicity in its home country when it
a. included religious leaders in the catalog it distributed throughout Europe.
b. airbrushed women out of photos in the Saudi version of its catalog.
c. included women in photos in catalogs it distributed throughout the Middle East.
d. created a website highlighting the importance of sustainability practices.
Ans: B
Cognitive Domain: Knowledge
Answer Location: *Globalization*
Difficulty Level: Medium

29. The world's population is becoming not only larger but also
a. more prone to communicable diseases.
b. more dispersed throughout rural areas.
c. more dependent on global sources of freshwater.
d. more concentrated in urban areas.
Ans: D
Cognitive Domain: Knowledge
Answer Location: *Sustainability*
Difficulty Level: Easy

30. corporate social responsibility is only applicable where there is
a. a high level of affluence.
b. a high level of poverty.
c. a high level of globalization.
d. CSR is applicable in all areas.
Ans: D
Cognitive Domain: Comprehension
Answer Location: *Affluence*
Difficulty Level: Easy

True/False

1. Corporate social responsibility only influences some aspects of a company's operations.
Ans: False
Cognitive Domain: Knowledge
Answer Location: *The Driving Forces of CSR*
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2. In developing countries, corporate transgressions do not matter.
Ans: False
Cognitive Domain: Comprehension
Answer Location: *Affluence*
Difficulty Level: Easy

3. If a company has its headquarters in the United States but has offices in other countries, it only needs to follow US law.
Ans: False
Cognitive Domain: Comprehension
Answer Location: *Globalization*
Difficulty Level: Medium

4. Because of globalization, firms must meet varying cultural standards of what is acceptable.
Ans: True
Cognitive Domain: Comprehension
Answer Location: *Globalization*
Difficulty Level: Easy

5. Social media is irrelevant to companies because they share information through other means.
Ans: False
Cognitive Domain: Comprehension
Answer Location: *Communications—Social Media*
Difficulty Level: Easy

6. Branding is not as important for large companies such as Starbucks, Apple, and Nike as it is for small companies.
Ans: False
Cognitive Domain: Comprehension
Answer Location: *Brands*
Difficulty Level: Easy

7. The Internet and globalization are bridging the wealth gap between affluent and nonaffluent people because poor people now have more access to information.
Ans: False
Cognitive Domain: Comprehension
Answer Location: *Affluence*
Difficulty Level: Medium

8. It may not be possible for corporations in developing countries to progress at the same rate as those in developed countries.
Ans: True
Cognitive Domain: Comprehension
Answer Location: *Affluence*
Difficulty Level: Easy

9. Regardless of whether a firm believes in global warming, it should take steps to increase sustainability because it is safer to act than to not act.
Ans: True
Cognitive Domain: Comprehension
Answer Location: *Sustainability*
Difficulty Level: Easy

10. The earth's resources continue to replenish themselves as the human population grows.
Ans: False

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Cognitive Domain: Comprehension
Answer Location: *Sustainability*
Difficulty Level: Easy

Essay

1. Adam Smith argued that all business is local. Explain what this means, including the evolution of the concept.
Ans: Good answers should describe Smith's theory, including how modernization and societal expansion impacted the concept. Further, good answers should demonstrate how globalization, communication technologies, and other forces are impacting the "all business is local" argument.
Cognitive Domain: Analysis
Answer Location: *Globalization*
Difficulty Level: Hard

2. How have new communication technologies impacted the need for corporate social responsibility?
Ans: Answers will vary but should address the Internet, mobile phones, and social media.
Cognitive Domain: Analysis
Answer Location: *Communications*
Difficulty Level: Medium

3. Briefly define each of the five driving forces of corporate social responsibility and make an argument regarding which of the forces is most important.
Ans: Answers will vary, but each of the five driving forces must be mentioned.
Cognitive Domain: Comprehension
Answer Location: *Throughout chapter*
Difficulty Level: Medium

4. Discrimination based on gender is generally prohibited in developed societies. Cultural relativism, however, may require companies to take different approaches to gender equality in countries where women are segregated from male workers. How should a company practicing CSR deal with such situations?
Ans: Answers will vary, but should point out how ignoring inconsistencies in company practices can put multinational firms in awkward positions.
Cognitive Domain: Application
Answer Location: *Globalization*
Difficulty Level: Hard

5. Why are brands more important today than they were in the past?
Ans: Answers will vary but should highlight issues of globalization and communication technologies.
Cognitive Domain: Analysis
Answer Location: *Brands*
Difficulty Level: Medium

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